

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2417 - Federal Stimulus Payments Income Tax Exemption (LSB 6292 HV)  
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Fiscal Note Version - New

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**Description**

Recent federal legislation (H.R. 5140) provides a federal payment to qualified U.S. income tax payers to be distributed during 2008. The payments equal a maximum of \$600 per single household and \$1,200 per married household, plus an additional \$300 per child. The payments are based on filed tax year 2007 returns.

Current Iowa law allows a deduction for federal income taxes paid in a tax year, adjusted for any refunds received.

House File 2417 exempts the payments from Iowa income tax.

**Fiscal Impact**

The Iowa Department of Revenue estimates that federal payments received by Iowa taxpayers will increase Iowa taxable income by \$1.08 billion and Iowa income taxes received in FY 2009 by \$67.5 million. The federal legislation is estimated to result in payments to 1.06 million Iowa households with an average payment amount of \$1,015.

House File 2417 will eliminate the increased Iowa income taxes that would otherwise result from the federal payment. The Bill would also eliminate a related increase in school local option income surtax liability of \$2.8 million.

Since the federal legislation was enacted after the December Revenue Estimating Conference (REC), the potential General Fund revenue increase is not included in the current REC estimate for FY 2009.

**Sources**

Iowa Department of Revenue

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/s/ Holly M. Lyons

February 27, 2008

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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